

Message Text

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ACTION SP-02

INFO OCT-01 ARA-06 ISO-00 SS-15 NSC-05 OMB-01 TRSE-00 PC-01

AID-05 CIAE-00 INR-05 NSAE-00 RSC-01 L-01 ABF-01 /044 W

----- 109780

R 042250Z NOV 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 8504

C O N F I D E N T I A L SECTION 1 OF 2 SAN JOSE 4215

E.O. 11652: GDS

TAGS: PFOR, SGEN

SUBJECT: FY 1976 PEACE CORPS PROGRAM

REF: STATE 236947

1. FOLLOWING COMMENTS ARE KEYED TO SUBPARAGRAPHS OF
PARA 5 REFTEL:

A. PROBABLY RESPONSE BY GOCR TO SUCH A REQUEST WOULD
BE THAT GIVEN THE PRESENT ECONOMIC STRESSES ON THE
ECONOMY, REFLECTED IN ACCELERATED INFLATION RATE OF
42 PERCENT SINCE JANUARY FIRST AND AN ESTIMATED DEFICIT THIS
YEAR OF APPROXIMATELY \$250 MILLION IN THE BALANCE OF PAYMENTS,
IT WOULD BE VERY DIFFICULT, IF NOT IMPOSSIBLE, TO
SHARE THE CTOT OF THE PEACE CORPS PROGRAMS IN FY 1976
ALTHOUGH THE PROGRAMS ARE NEEDED AND HAVE A BENEFICIAL
IMPACT ON THE DEVELOPMENT OF COSTA RICA.

B. IT IS LIKELY THAT THE GOCR IF PRESSED NOW FOR A CASH
CONTRIBUTION WOULD REFUSE FOR REASONS GIVEN ABOVE AND
OTHER HIGH PRIORITY DEMANDS GOVERNMENT IS ALREADY PUBLICLY
COMMITTED TO FOR FY 76 BUDGET. PROSPECTS FOR FY 77 BUDGET,
WITH MORE LEAD TIME AND HOPES FOR SOME AMELIORATION OF
PETROLEUM AND OTHER WORLDWIDE ECONOMIC PRESSURES, WOULD BE
BETTER. THE LIKELIHOOD OF INCREASING IN-KIND CONTRIBUTIONS,
WHICH HAVE ALREADY INCREASED FROM \$3,000 IN 1973 TO
\$23,000 THUS FAR IN 1974, IS MUCH MORE LIKELY IN FY 76.

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C. THE IMPACT OF TERMINATION OF PEACE CORPS PROGRAMS, ESPECIALLY ON SUCH SHORT NOTICE, WOULD BE VERY UNFORTUNATE. THE PRIMARY INTEREST OF THE UNITED STATES IN COSTA RICA UNDER THE APPROVED FY 75-76 CASP IS TO RETAIN THE FAVORABLE DISPOSITION OF COSTA RICA TO THE U.S., AND THE PRINCIPAL OBJECTIVE IS TO BE RESPONSIVE TO THE MAIN CONCERNS OF THE NEW ODUBER GOVERNMENT. SUDDEN TERMINATION OF THE PEACE CORPS PROGRAM, WHICH IS CLOSELY RELATED TO THOSE CONCERNS IN THE RURAL SECTOR, WOULD RUN COUNTER TO THAT OBJECTIVE BOTH MATERIALLY AND PSYCHOLOGICALLY AND WOULD SURELY HAVE AN ADVERSE POLITICAL IMPACT ON OUR PRIMARY INTEREST.

D. AID DEVELOPMENT OBJECTIVES WOULD BE ADVERSELY AFFECTED, ESPECIALLY IN AGRICULTURAL PROGRAMS, NOTABLY BASIC GRAINS RESEARCH AND EXTENSION IN THE MINISTRY OF AGRICULTURE THAT DEPEND HEAVILY ON AID FUNDING. (THE GOCR IS EMPHASIZING INCREASED PRODUCTION IN BASIC GRAINS IN THE INTEREST OF BECOMING SELF-SUFFICIENT.) ALSO AFFECTED WOULD BE THE AREA OF NUTRITION INCLUDING THE MINISTRY OF HEALTH WHERE THE RESOURCES OF PEACE CORPS AND THE RESOURCES OF AID ARE COMBATTING THE PLIGHT OF THE UNDERNOURISHED. THIS IS NOW A VERY HIGH PRIORITY FOR THE GOCR, PERSONALLY ENDORSED BY PRESIDENT ODUBER, AND AID IS NOT INVESTIGATING THE POSSIBILITY OF A NEW LOAN SPECIFICALLY FOR THIS SECTOR. SOMEWHAT TO A LESSER DEGREE THE AID RURAL MUNICIPAL DEVELOPMENT PROGRAM WOULD ALSO BE AFFECTED.

E. IT WOULD CLEARLY BE PREFERABLE TO UNITED STATES INTERESTS AND OBJECTIVES TO PHASE DOWN CURRENT LEVEL OF PEACE CORPS ACTIVITY IF NECESSARY RATHER THAN INSIST UPON A HOST COUNTRY CASH CONTRIBUTION. SEE ITEM B OF GENERAL COMMENTS BELOW FOR TRENDS.

2. THE FOLLOWING ADDITIONAL GENERAL COMMENTS ARE OFFERED:

A. COSTA RICA, THROUGH FOREIGN MINISTER GONZALO FACIO, HAS BEEN A LEADING SUPPORTER OF THE "NEW DIALOGUE" BETWEEN LATIN AMERICA AND THE U.S. AT THE SAME TIME THE GOCR HAS BEEN ONE OF THE MOST ENTHUSIASTIC SUPPORTERS OF THE PEACE
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CORPS FOR MANY YEARS. IN MY JUDGMENT THERE IS A SERIOUS DANGER THAT ABRUPT U.S. ACTION OF THE SORT FORECAST IN REFTEL WOULD BE INTERPRETED HERE AS FLATLY INCONSISTENT WITH SECRETARY KISSINGER'S PLEDGE AT TLATELOCO TO MAINTAIN THE LEVELS OF U.S. ASSISTANCE DESPITE OTHER ECONOMIC PROBLEMS.

(B) THE CURRENT PEACE CORPS PROGRAM IN COSTA RICA INCLUDES 168 VOLUNTEERS IN 23 PROJECTS. MAN-YEAR PROJECTIONS ARE

140 FOR FY 1976 AND 110 FOR FY 1977. ALTHOUGH THE NUMBER OF REQUESTS FROM HOST COUNTRY AGENCIES CONTINUES TO INCREASE, THE "QUALITY PROGRAMMING" INITIATED BY PCCR IN 1974 WILL DECREASE THE NUMBERS OF VIABLE JOBS FOR VOLUNTEERS AS INDICATED BY THE DOWNWARD TREND IN MAN-YEAR PROJECTIONS.

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C O N F I D E N T I A L SECTION 2 OF 2 SAN JOSE 04215

C. PART OF THE "QUALITY PROGRAMMING" EFFORT IS A PROJECT AGREEMENT SIGNED BY EACH REQUESTING AGENCY COMMITTING IN-KIND RESOURCES, SUCH AS TRANSPORTATION, PER DIEM, SUPPLIES, EQUIPMENT, ETC. FOR THE VOLUNTEER TO DO HIS JOB. THIS EFFORT IS ALREADY UNDER WAY AND WILL BE INTENSIFIED. IT HAS ALREADY BROUGHT REAL DOLLAR SAVINGS FOR THE PEACE CORPS, IT IS FAR EASIER FOR THE INDIVIDUAL AGENCIES TO JUSTIFY AND TO ABSORB WITHIN THEIR BUDGETS THAN CASH CONTRIBUTIONS WOULD BE, AND IT WILL BE EASIER TO EXPAND OVER LONGER

TIME. INSISTENCE NOW ON CASH CONTRIBUTIONS, ESPECIALLY ON SHORT NOTICE, WILL IN ALL LIKELIHOOD BE COUNTER-PRODUCTIVE IN MATERIAL TERMS IN ADDITION TO ITS ADVERSE POLITICAL/ PSYCHOLOGICAL DAMAGE.

D. SHOULD ASSUMPTIONS IN PARA 1 A & B ABOVE PROVE INCORRECT AND THE GOCR DOES AGREE TO CONTRIBUTE IN CASH TO THE PEACE CORPS PROGRAM, THE DEMAND WILL BE FOR HIGHER SKILLS. CAN THE RECRUITMENT ARM OF PEACE CORPS PROVIDE THE HIGHER SKILLS?

E. THE MAJORITY OF THE PCVS ARE NOW WORKING FOR THE

MINISTRIES OF AGRICULTURE, HEALTH, EDUCATION AND CULTURE.
NIACWTF#OF THE MINISTERS CONCERNED HAVE INDICATED THE
FAVORABLE IMPACT THE VOLUNTEERS ARE MAKING ESPECIALLY IN
THE RURAL AREAS WHERE THE PRIORITIES OF THE COUNTRY ARE
TARGETED IN THE PRESENT ADMINISTRATION.

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Disposition Case Number: n/a
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